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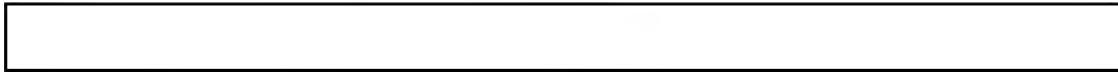
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23 July 1962

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Copy No. C 80-3

# CENTRAL INTELLIGENCE BULLETIN



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23 July 1962

CENTRAL INTELLIGENCE BULLETIN

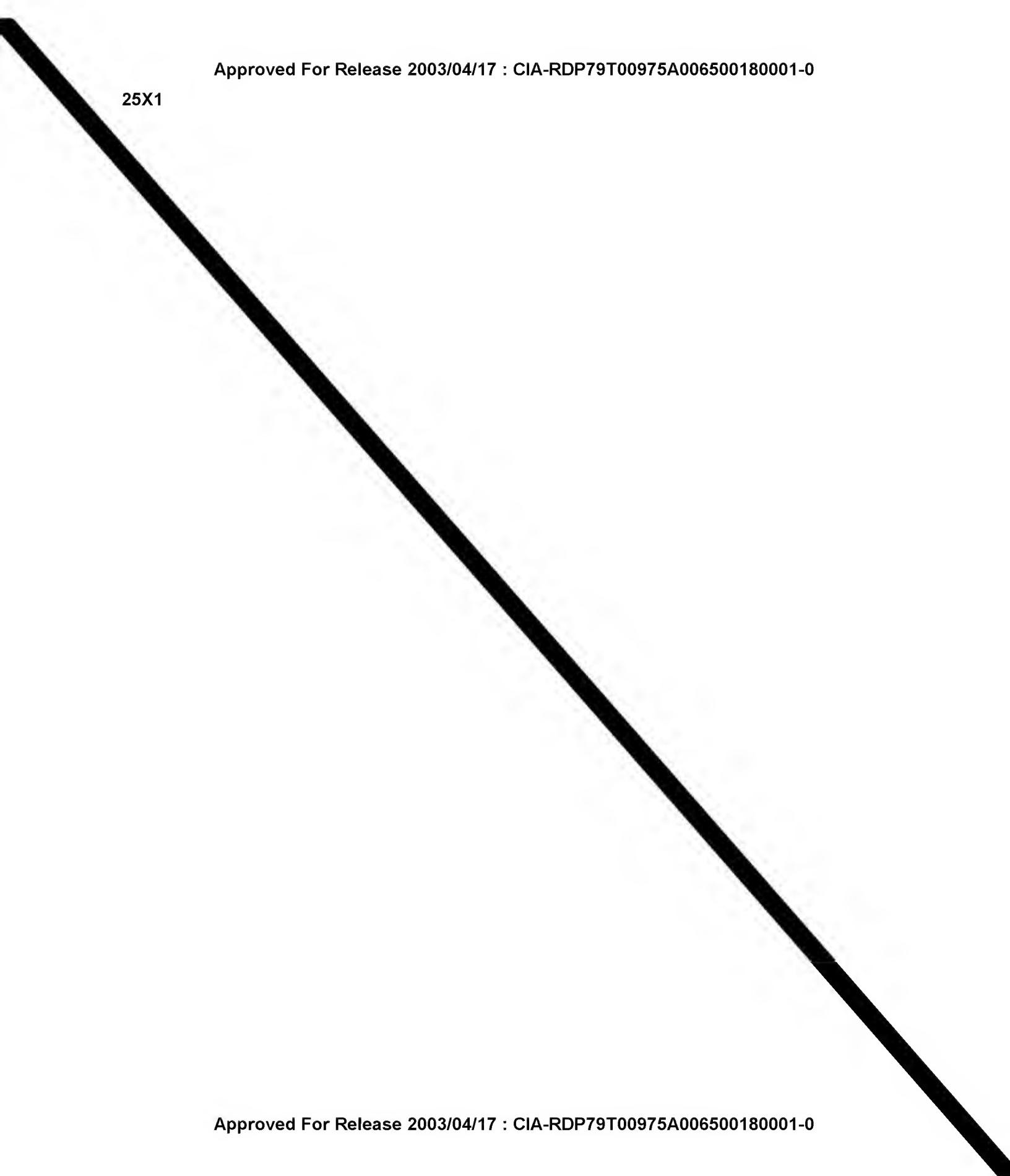
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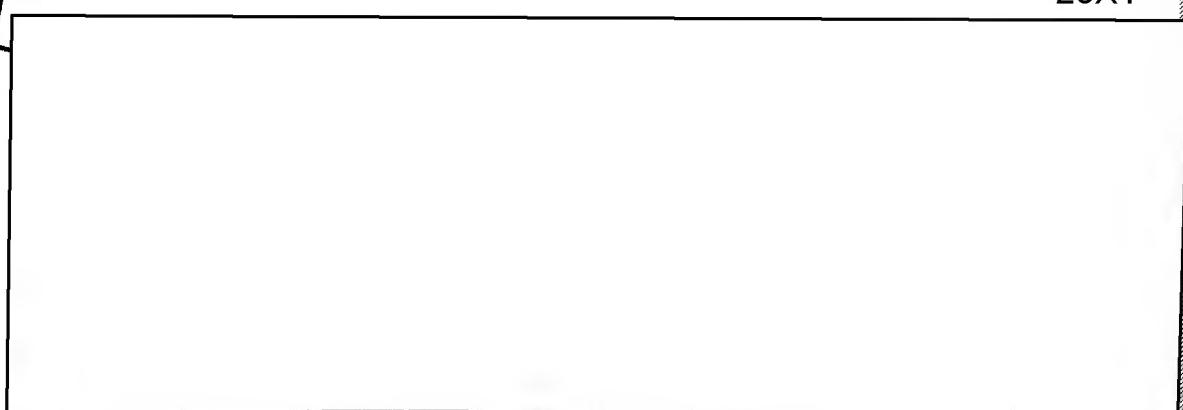
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Congo:] UN representative Gardiner concluded, after his recent talks with Tshombé in Elisabethville, that continued civilian harassment of UN roadblocks is "more than likely." Tshombé gave Gardiner the impression that he feels he may have carried negotiations with Adoula too far and is seeking excuses to evade and stall. Gardiner told Ambassador Gullion that Tshombé must be convinced that disagreeable alternatives await him if he does not enter into serious negotiations in the near future, and that the UN, UK, Belgium, and the US should reach agreement on such alternatives.]

[ In discussions with US officials, Foreign Minister Spaak has indicated he may, if necessary, support plans to bring pressure on Tshombé by blockading exit routes for Katanga's exports. Spaak and other Belgian officials remain opposed to proposals that Belgian companies operating in the province withhold tax payments because this would subject these firms and their personnel to retaliation by Katangese authorities.]

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23 July 62

DAILY BRIEF

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Peru: The military junta which took over the government of Peru on 18 July is beset with increasing domestic opposition and widespread adverse reaction among the other nations of the western hemisphere. Almost all domestic support for the military comes from the Communists and the other extremist followers of Fernando Belaunde Terry.

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Demonstrations in Lima, which began among students the day of the coup, have become larger and harder for the police to control. [Victor Raul Haya de la Torre and other APRA leaders urged restraint, however, fearing that excessive violence will turn public opinion against APRA.]

APRA-led unions in the northern provinces have been reported to be on strike, and other unions, comprising about 80 percent of organized labor, have been ordered by the APRA-dominated Confederation of Workers to begin a general strike on 23 July. The unions led by the Communists have refused to participate because of Communist antipathy toward APRA, thus effecting an awkward alliance between the Communists and the junta. The strike is to be accompanied by protest demonstrations by a civic front composed of followers of ex-dictator Manuel Odria, deposed President Prado, former Prime Minister Pedro Beltran, the Christian Democrat Party, and APRA.

President Prado and some members of his government are still being detained on a ship in Callao harbor. Some reports claim that Prado will be freed

when his term expires on 28 July; others say he will be tried for complicity in the alleged electoral fraud which ostensibly caused the military intervention.

The announcement of suspension of diplomatic relations by the US and several Latin American countries, the failure of the others except Haiti thus far to recognize the new regime, and the request by Venezuela to the OAS for a meeting of foreign ministers reportedly have "surprised and frightened" the junta.

25X1 The loss of economic and military aid is also a blow which will rapidly become more serious. The junta has made several efforts to establish contacts with US officials and is attempting unsuccessfully to find allies among Latin American nations. Apparently in an effort to retaliate against diplomatic ostracism, members of the junta have hinted at possible nationalization of foreign-owned petroleum resources and have said that "Peru will look for other markets" if economic sanctions are imposed.

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Ecuador: Widespread strikes accompanied by sporadic violence and riots continue to plague municipal authorities in Ecuador. Striking municipal workers in Manabi Province, demanding their back pay, forced the resignation of the provincial governor on 18 July. The strike in Manabi was settled "provisionally" by Vice President Varea and four cabinet members, who agreed to most of the strikers' demands. Strikes continue elsewhere, however.

The strikers' demonstrations have been taken over by Communists and other leftists to provoke violence in Manabi, Quito, and Cuenca. The intent of the Communists seems to be to force the military leaders to take over the government in the absence of President Arosemena, who arrives in Washington today for a two-day state visit.

A series of strikes and riots for similar causes--protests against inadequate national funds for municipal payrolls and local development projects--preceded the overthrow of President Velasco on 8 November. President Arosemena was installed at that time with military and leftist support. He has since been the target of several coup attempts by the military and has also incurred the displeasure of the left by breaking relations with Cuba, Czechoslovakia, and Poland, the only Communist-dominated countries with which Ecuador maintained relations when he took office.

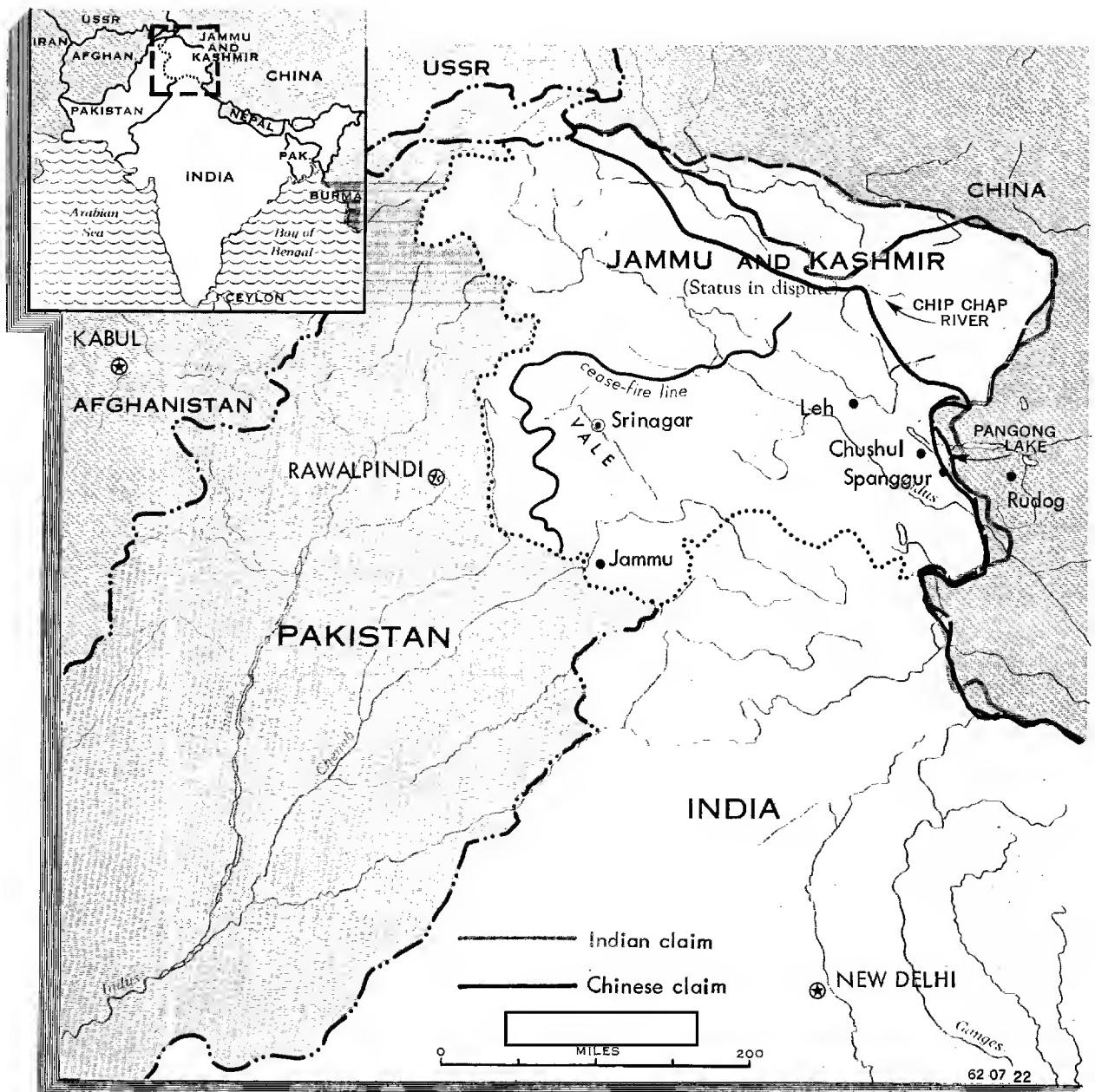
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Iran: The Shah's 21 July order to his government to prepare for new national elections appears aimed at removing some of the anticipated pressure from the nationalist opposition on the new Alam government. Opposition leaders, however, now will start agitating to force the government to set an early date for these elections. The last two parliamentary elections, in 1960 and 1961, were so blatantly rigged that the Shah was forced to nullify their results. There is little likelihood that any vote in the near future will not be subjected to control.

The composition of the new government, also announced on 21 July, indicates no immediate changes in foreign or domestic policies. The cabinet includes seven holdovers from the former Amini government; Abbas Aram continues as foreign minister, and Hassan Arsanjani, architect of the controversial land reform program, remains as minister of agriculture. [While the Shah has informed Ambassador Holmes that the anti-corruption campaign will be prosecuted more vigorously, the personality of the new minister of justice makes this improbable.] Retention of the former minister of war, whose opposition to Amini's proposed cuts in the military budget helped bring down the last government, suggests that Alam is unlikely to be able to curtail government spending to the extent necessary to cope with Iran's serious budgetary deficit.

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Communist China - India: Despite the exchange of angry protests over two shooting incidents in the Ladakh region of Kashmir, Communist China and India probably continue to wish to avoid a major flare-up along the disputed border and are likely to try to keep any future military actions localized. Patrols exchanged shots in the Chip Chap River area on 21 July, and New Delhi reports that its troops were fired on by the Chinese later the same day in the Pangong Lake region to the south. Details have been obscured by the charges and countercharges, although it appears casualties have been slight. Further clashes on a limited scale are likely.

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